

**SENATE FISCAL AGENCY
MEMORANDUM**



DATE: April 23, 2007

TO: Members of the Senate Environmental Quality Subcommittee

FROM: Jessica Runnels, Fiscal Analyst

RE: Pollution Prevention Program Fees

As part of the FY 2007-08 Environmental Quality budget, the Governor proposed a new pollution prevention program fee. The proposal would amend Part 143 (Waste Minimization) of the Natural Resources and Environmental Protection Act to assess an annual fee on entities that submit reports for the Federal Toxic Chemical Release Inventory.

CONTENT

According to the proposal, the pollution prevention program fee would begin January 1, 2008 and would be imposed on persons submitting reports under the Toxic Chemical Release Inventory (TRI). This reporting is required of facilities and establishments that dispose of or transfer hazardous waste. The fees would be assessed according to the schedule in Table 1 and deposited into the existing Waste Reduction Fund.

Table 1

POLLUTION PREVENTION PROGRAM FEE		
Category	Number of Facilities	Proposed Fee
Reported less than 25,000 lbs. of chemical release	445	\$1,000
Reported more than 25,000 lbs. of chemical release	289	4 cents per lb., not to exceed \$10,000
Facilities not covered under other categories	170	1,000

Under the proposal, facilities would be required to pay the fee annually by July 1. The fee assessed would be based on the most recent toxic chemical release form received by the Department of Environmental Quality (DEQ) and the U.S. Environmental Protection Agency. The fees would be paid annually regardless of any future changes in the TRI reporting frequency.

If a facility submitted a revision to its TRI form indicating a decrease in the amount of toxic pollutants released, disposed of, or treated, the facility could be eligible for a credit toward future fees if the facility filed a request with the DEQ within 12 months of when the fees were paid.

If a facility submitted a revision to its TRI form indicating an increase in the amount of toxic pollutants released, disposed of, or treated such that it increased the fees due, then the additional amount required would have to be paid within 60 days after the revision was submitted.

The proposal would add the following definitions:

- "Establishment" would mean an economic unit, generally a physical location where business is conducted or where services or industrial operations are performed.

- "Facilities" would mean all buildings, equipment, and structures on a single site that are owned or operated by the same person. A facility could contain more than one establishment.
- "Toxic chemical" would mean a chemical or chemical category listed in 40 CFR, Part 372, Subpart D – specific toxic chemical listings, Section 372.65.

BACKGROUND

The Toxic Chemical Release Inventory is compiled by the U.S. Environmental Protection Agency. The Federal Emergency Planning and Community Right-To-Know Act of 1986, which created the TRI, requires the EPA and states annually to collect data on releases and transfers of certain toxic chemicals from industrial facilities and make the data available to the public. The Federal Pollution Prevention Act of 1990 also required TRI reporting of data on waste management and source reduction activities. Since the TRI's inception in 1987, the EPA has expanded the number of chemicals, the chemical thresholds, and the industry sectors that must be reported. States and the EPA coordinate the data electronically through the National Environmental Information Exchange Network.

Currently, landfills that dispose of hazardous waste in Michigan must pay a fee based on the quantity of hazardous waste disposed of. The current fee was established in 1987 and is assessed regardless of whether the waste is generated in-State or out-of-State. The fees are not assessed on hazardous waste that is generated in Michigan and disposed of out-of-State. Revenue from the fee is deposited into the Waste Reduction Fund and used for pollution prevention and waste reduction activities. The DEQ is presenting this new fee as an alternative to increasing the existing fee on hazardous waste by 60%. About 45 facilities would pay both fees.

In FY 2003-04, \$1.6 million was transferred from the Waste Reduction Fund to the General Fund to offset declining General Fund revenue. In FY 2005-06, the Waste Reduction Fund received a one-time transfer of \$3.0 million from the Community Pollution Prevention Fund. This balance transfer covered a projected shortfall in revenue relative to expenditures in FY 2006-07 and FY 2007-08.

FISCAL IMPACT

The proposed fee would generate approximately \$2,379,300 annually beginning in 2008. The revenue would be deposited into the Waste Reduction Fund, which statute species may be used for programs under Part 143 (Waste Minimization) and Part 145 (Waste Reduction Assistance). The DEQ collects about \$2.4 million from the current hazardous waste disposal fee; thus, total revenue to the Waste Reduction Fund would be approximately \$4.8 million annually.

If the fee is not enacted and the current hazardous waste disposal fees are not increased, pollution prevention and waste reduction services will be reduced. Program reductions could affect services for local emergency planning, the Environmental Assistance Center, the Clean Corporate Citizen program, recycling and composting, pollution prevention partnerships, lakewide and watershed management plans, and compliance assistance.

This bill has not been introduced yet. If a bill is introduced, it could vary substantially from the Governor's proposal. Please contact me if you have questions.

c: Gary S. Olson, Director
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Bill Bowerman, Chief Analyst